

Financial Reporting Risks		Outcomes Demonstrating Audit Readiness	Key Supporting Documents	Suggested Test Procedures
Unpaid Obligations, Brought Forward				
UO.2	Valid Unpaid Obligations, Brought Forward are not recorded or are improperly summarized (Wave 2 – SBR, ROMM #22) (C)	All valid Unpaid Obligations, Brought Forward are recorded and are properly summarized (Wave 2 – SBR, FRO #48)	Unpaid invoices/billing documents  Contracts  MIPRs  Supporting documentation evidencing the beginning balances of FBWT and Delivered Orders-Unpaid	Review all unpaid invoices and billing documents for goods or services received to determine whether all valid Unpaid Obligations, Brought Forward have been recorded and are properly summarized
UO.3	Unpaid Obligations, Brought Forward are recorded at incorrect amounts, or valued on an inappropriate basis, or measured improperly (Wave 2 – SBR, ROMM #35) (V)	Unpaid Obligations, Brought Forward are valued on an appropriate basis and are properly classified and described in the financial statements (Wave 2 – SBR, FRO #54)	Comparative financial statements  SF 133  Invoices  Contracts  MIPRs  Supporting documentation evidencing the beginning balances of FBWT and Delivered Orders-Unpaid  Account Reconciliations	See Suggested Test Procedures for UO.1
UO.4	The reporting entity does not have an obligation for recorded Unpaid Obligations, Brought Forward (Wave 2 – SBR, ROMM #45) (R)	The reporting entity has an obligation for recorded Unpaid Obligations, Brought Forward (Wave 2 – SBR, FRO #53)	Invoices  Contracts  MIPRs	Determine whether any Unpaid Obligations, Brought Forward represent invalid obligations
UO.5	IT General and Application Controls may not be appropriately designed or operating effectively (FISCAM)	All material systems achieve the relevant FISCAM IT general- and application-level general control objectives	See FIAR Guidance Section 3.D.2, "Systems (IT) Controls," for additional details related to IT General and Application Controls audit readiness activities	

### Balance by Reporting Entity – Uncollected Payments, Federal Sources

The following reporting entities comprise the balance brought forward in the Uncollected Payments, Federal Sources line item (line item 3060) on the Statement of Budgetary Resources.

Reporting Entities	FY 2015 Balance	% of Total
<b>OMB Designated Audit</b>		
Army GF	\$ (26,393,857,938)	34.1%
Air Force GF	(2,348,722,765)	3.0%
Navy GF	(3,165,958,158)	4.1%
Marine Corp GF	(108,298,297)	0.1%
Navy WCF	(12,323,509,628)	15.9%
Air Force WCF	(4,148,694,015)	5.4%

Reporting Entities	FY 2015 Balance	% of Total
Army WCF	(7,016,481,133)	9.1%
Marine Corp WCF	(430,916,109)	0.6%
USACE – Civil Works Program	(1,802,964,062)	2.3%
<b>Subtotal - OMB Design. Audit</b>	<b>\$ (57,739,402,104)</b>	<b>74.6%</b>
<b>DoD Designated Audit</b>		
DHA - Contract Resource Mgmt	\$ (69,025,528)	0.1%
DHA – Comptroller FOD	(19,295,529)	0.0%
DHA – USUHS	(135,616,045)	0.2%
DHA - SMA/Army	(499,589,235)	0.6%
DHA - SMA/Navy	(7,250,104)	0.0%
DHA - SMA/Air Force	(2,525,885)	0.0%
DHA - SMA/NCR	(19,432,281)	0.0%
DLA WCF	(9,373,994,242)	12.1%
DLA GF	(29,737,997)	0.0%
DoD Component Level Accounts	(1,806,005,656)	2.3%
U.S. Special Operations Command	(227,093,296)	0.3%
DISA WCF	(3,362,500,620)	4.3%
DISA GF	(127,649,536)	0.2%
TRANSCOM - Air Mobility Command	(1,368,987,887)	1.8%
TRANSCOM - Military SDDC	(450,210,439)	0.6%
TRANSCOM - Military Sealift Command	(402,516,573)	0.5%
TRANSCOM - Command Staff	(83,699,929)	0.1%
TRANSCOM - Defense Courier Division	(1,898,794)	0.0%
DeCA WCF	(1,868,705)	0.0%
DFAS WCF	(48,610,638)	0.1%
Defense Contract Audit Agency	(7,047,737)	0.0%
<b>Subtotal - DoD Design. Audit</b>	<b>\$ (18,044,556,655)</b>	<b>23.3%</b>
<b>DoD Designated Examination</b>		
Washington Headquarters Services (WHS)	\$ (265,828,694)	0.3%
WHS - Office of the SecDef	(73,638,487)	0.1%
WHS - Pnt Res Mtn Rev Fund & PFPA	(96,652,345)	0.1%
WHS - Building Maintenance Fund	(132,753,941)	0.2%
WHS - DoD Test Resource Mgmt Ctr	(81)	0.0%
WHS - Civilian Military Program	(13,122)	0.0%
WHS - Defense Legal Services Agency	(2,854,877)	0.0%
Missile Defense Agency	(7,492,516)	0.0%
Defense Security Cooperation Agency	640,609	0.0%
DoD Education Activity	7,326,459	0.0%
DARPA	(350,964)	0.0%
Other TI-97 Funds – Army	(28,045,164)	0.0%
Chemical Biological Defense Program	(67,418,764)	0.1%
Defense Contract Mgmt Agency	(17,126,872)	0.0%
Defense Threat Reduction Agency	(19,199,715)	0.0%
Joint Staff (includes NDU)	(16,574,381)	0.0%
<b>Subtotal - DoD Design. Exam</b>	<b>\$ (719,982,854)</b>	<b>0.9%</b>
<b>DoD Non-material Reporting Entities</b>		
Other Reporting Entities	(893,738,193)	1.2%
<b>Total</b>	<b>\$ (77,397,679,806)</b>	<b>100.0%</b>

Source: FY 2015 Reporting Entity DDRS-AFS Statements of Budgetary Resources

### Line Item Audit Readiness Considerations – Uncollected Payments, Federal Sources

The following table presents financial reporting risks, Outcomes Demonstrating Audit Readiness and KSDs specific to SBR Balances Brought Forward for Uncollected Payments, Federal Sources (SBR line item 3060). In order to assert audit readiness for this line item, reporting entities must demonstrate that effective controls are in place to achieve the Outcomes Demonstrating Audit Readiness relative to the risk associated with the assertion (as noted in the table). The suggested test procedures can be used to test key controls operating within the business processes affecting the SBR Balances Brought Forward for Uncollected Payments, Federal Sources, and to assess the availability of KSDs that support the controls and amounts recorded.



Financial Reporting Risks		Outcomes Demonstrating Audit Readiness	Key Supporting Documents	Suggested Test Procedures
Uncollected Payments, Federal Sources, Brought Forward				
UP.1	Recorded Uncollected Payments, Federal Sources, Brought Forward may not exist at a given date, do not pertain to the reporting entity, or may be improperly classified and summarized (Wave 2 – SBR, ROMM #11) (E)	Recorded Uncollected Payments, Federal Sources, Brought Forward from prior periods represent events that actually occurred and are properly summarized and classified in the financial statements (Wave 2 – SBR, FRO #53)	<p>Comparative financial statements</p> <p>SF 133</p> <p>Open invoices</p> <p>Contracts</p> <p>MIPRs</p> <p>Supporting documentation evidencing the beginning balances of Accounts Receivable and Unfilled Customer Orders</p>	<p>Trace the current year Uncollected Payments, Federal Sources, Brought Forward to the prior year Uncollected Payments, Federal Sources, End of Year and determine if amounts agree</p> <p>Determine whether amounts contained in prior year Uncollected Payments, Federal Sources, Brought Forward were collected in the prior year or require an adjustment pertaining to a prior period</p> <p>Compare Uncollected Payments, Federal Sources, Brought Forward to the final SF 133 from the prior year</p>
UP.2	Valid Uncollected Payments, Federal Sources, Brought Forward are not recorded or are improperly summarized (Wave 2 – SBR, ROMM #24) (C)	All valid Uncollected Payments, Federal Sources, Brought Forward are recorded and are properly summarized (Wave 2 – SBR, FRO #48)	<p>Open invoices</p> <p>Contracts</p> <p>MIPRs</p> <p>Supporting documentation evidencing the beginning balances of Accounts Receivable and Unfilled Customer Orders</p>	Review all open invoices and billing documents for goods or services provided to federal entities to determine whether all valid Uncollected Payments, Federal Sources, Brought Forward have been recorded and are properly summarized
UP.3	Uncollected Payments, Federal Sources, Brought Forward are recorded at incorrect amounts, or valued on an inappropriate basis, or measured improperly (Wave 2 – SBR, ROMM #36) (V)	Uncollected Payments, Federal Sources, Brought Forward are valued on an appropriate basis and are properly classified and described in the financial statements (Wave 2 – SBR, FRO #54)	<p>Comparative financial statements</p> <p>SF 133</p> <p>Open invoices</p> <p>Contracts</p> <p>MIPRs</p> <p>Supporting documentation evidencing the beginning balances of Accounts Receivable and Unfilled Customer Orders</p> <p>Account Reconciliations</p> <p>Accounts Receivable Aging Schedule</p>	See Suggested Test Procedures for UP.1

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Uncollected Payments, Federal Sources, Brought Forward				
UP.4	The reporting entity does not have rights to recorded Uncollected Payments, Federal Sources, Brought Forward (Wave 2 – SBR, ROMM #42) (R)	The reporting entity has rights to recorded Uncollected Payments, Federal Sources, Brought Forward (Wave 2 – SBR, FRO #53)	Invoices  Contracts  MIPRs  Accounts Receivable Aging Schedule	Review the Uncollected Payments, Federal Sources, Brought Forward balance and confirm that the reporting entity still has valid rights to collect the amounts comprising the balance
UP.5	IT General and Application Controls may not be appropriately designed or operating effectively (FISCAM)	All material systems achieve the relevant FISCAM IT general- and application-level general control objectives.	See FIAR Guidance Section 3.D.2, "Systems (IT) Controls," for additional details related to IT General and Application Controls audit readiness activities	

### Footnote Disclosures

Reporting entities are responsible for ensuring the completeness and accuracy of data provided to OUSD(C) for the preparation of the **Statement of Budgetary Resources** footnote disclosures included in **Note 20** of the FY 2014 DoD Agency Financial Report. OMB Circular A-136, *Financial Reporting Requirements*, specifies fundamental requirements for Statement of Budgetary Resources footnote disclosures that reporting entities must consider in carrying out audit readiness activities. The Financial Reporting assessable unit in the FIAR Guidance provides further details with respect to audit readiness outcomes that address the presentation and disclosure assertion for the financial statement line items.

### Consideration of Historical Transactions

Reporting entities need to consider the longevity of beginning balance transactions and how far back the reporting entity must go in order to provide transactional support. An initial analysis of beginning balance transactions is critical to making this determination. While appropriated funds generally have limited periods of availability, "no-year" and working capital funds must consider whether supporting documentation is readily available for all transactions. As reporting entities identify documentation gaps, they should coordinate with the FIAR office and the DoD OIG to develop an appropriate strategy for coverage of significantly aged transactions and balances.